

Introduced by Senator Ortiz

February 18, 2005

An act to add Section 1861.17 to the Insurance Code, relating to credit information.

LEGISLATIVE COUNSEL'S DIGEST

SB 603, as introduced, Ortiz. Insurance: credit ratings.

Existing law provides for the regulation of insurers by the Insurance Commissioner and imposes various obligations on insurers with respect to the determination of insurance rates. Existing law provides for the commissioner to enforce these provisions by imposing certain penalties and taking various licensing actions. Existing law also provides that a willful violation of certain provisions is a misdemeanor.

This bill would prohibit an insurer from using credit ratings, credit reports, credit scoring models, or credit information to underwrite, classify, or rate certain automobile and property insurance policies. The bill would also prohibit an insurer from refusing to issue those policies, and from nonrenewing or canceling those policies, based upon credit grounds.

By creating a new crime, this bill would impose a state-mandated local program

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1861.7 is added to the Insurance Code,
2 to read:

3 1861.7. (a) Notwithstanding any other provision of law, an
4 insurer shall not use credit ratings, credit reports, credit scoring
5 models, or credit information to underwrite, classify, or rate
6 insurance policies that are subject to Section 660 or 675. An
7 insurer shall not nonrenew or cancel, or refuse to issue, an
8 insurance policy based upon credit ratings, credit reports, credit
9 scoring models, or credit information.

10 (b) The commissioner shall enforce this section pursuant to
11 Section 1861.14.

12 SEC. 2. No reimbursement is required by this act pursuant to
13 Section 6 of Article XIII B of the California Constitution because
14 the only costs that may be incurred by a local agency or school
15 district will be incurred because this act creates a new crime or
16 infraction, eliminates a crime or infraction, or changes the
17 penalty for a crime or infraction, within the meaning of Section
18 17556 of the Government Code, or changes the definition of a
19 crime within the meaning of Section 6 of Article XIII B of the
20 California Constitution.